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March 25, 2010

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The provision mirrors legislation Congressman Melancon introduced in the House last October (H.R. 3929). Senator Mary Landrieu (D-La.) introduced a similar bill in the Senate, and earlier this month was successful in attaching the housing provision as an amendment to the American Workers, State, and Business Relief Act of 2010. House and Senate leaders will soon meet to finish work on the legislation, and the letter Congressman Melancon sent urges them to maintain the Gulf Coast housing provision in the final bill.

In his letter, Congressman Melancon wrote, **"...GO Zone low income housing tax credits have been vital in our effort to restore the number of affordable housing units along the Gulf Coast. Tough economic conditions, however, have prevented many of these projects from moving forward at the pace necessary...**

"Extending the placed-in-service deadline is critical to improving the availability of affordable housing along the Gulf Coast. FEMA estimates that the 2005 storms destroyed or heavily damaged 82,000 rental units, 54,000 of which served low-income populations."

Congressman Melancon continued, **"With an extension, developers will be able to attract investors to their proposed developments, have adequate time to overcome development barriers, and create more opportunities for residents displaced by the 2005 hurricanes to return home.**

"Without an extension, more than 6,000 units will go uncompleted. The loss of more than \$1 billion in economic activity...would be a major blow to my state and the region."

Residential rental costs along the Gulf Coast have risen dramatically following the 2005 storms, and the lack of quality, affordable housing units is slowing economic recovery in some areas. To date, 77 Gulf Opportunity (GO) Zone low-income housing projects, which are eligible for the tax credits, have not closed on their financing. This is due, in large part, to the current financial crisis. Lack of available credit and other challenges have made it extremely difficult for developers to get low-income housing and rental units built in time to meet the current deadline for low-income housing tax credit purposes. Without an extension of the placed-in-service date for these projects, these housing units may never be built.

The Melancon bill would extend the placed-in-service deadline for GO Zone low-income housing tax credits from January 1, 2011 to January 1, 2013. This change extends the deadline for two years, which would enable developers to better attract investors to their developments, have adequate time to overcome development challenges, and create more opportunities for displaced residents looking to return after the 2005 storms.

[Click here](#) to read the full letter.

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